



**OZARKS TECHNICAL COMMUNITY COLLEGE**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-109  
October 4, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

October 2002

**The following problems were discovered as a result of an audit conducted by our office of the Ozarks Technical Community College.**

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**The college directed a \$20,000 donation be paid to a committee formed to advocate a five-cent property tax ballot issue for the college.**

The college's contract with its bookstore vendor provides for a \$20,000 general donation to the college. During July 2000, the college directed this \$20,000 donation to the Committee for Better Jobs, Better Lives which was a committee formed to advocate a five-cent property tax ballot issue for the college on the April 2001 ballot. State law prohibits the use of public funds to advocate, support, or oppose any ballot measure.

**The college expended over \$1 million as a result of change orders for the Industry and Transportation Technology Center.**

Many of the construction change orders were for work that was not included in the scope of the original project and additional bids or proposals were not solicited for any of the change orders. In addition to the increased construction costs resulting from change orders, we also noted increased architectural costs totaling \$124,913 and \$73,874 on all active construction projects for the years ended June 30, 2001 and 2000, respectively.

**State funds for South Campus Development remain idle.**

Approximately seventy-four acres were purchased from the individual that serves as the college's attorney. The college did not have an agreement with the attorney related to the property transactions and an independent appraisal of the property was not obtained.

The college signed a contract in February 2001 with the city of Ozark transferring \$360,000 to an interest bearing checking account, but the college retained the authority to spend the funds. This agreement provided the college a means to draw a specific appropriation totaling \$180,000 from the State of Missouri that would have otherwise lapsed at year-end. The invoice requesting the appropriation was misleading, and one year later funds totaling over \$298,000 still remained idle in the city's account.

**Controls over expenditures need improvement.**

College bidding guidelines are unclear and are not being consistently followed by the various college departments. Our review noted requests for proposals were not solicited for over \$3.9 million in various professional services. In addition, written agreements were not entered into for some professional services.

(over)

YELLOW SHEET

According to college records, approximately \$53,600 was paid for employee registration, lodging, meals, and mileage expenses for employees to attend the Missouri Community College Associate Annual Convention held in St. Louis, Missouri during October 2001. We noted the college sent 178 employees to this conference while other community colleges across the state sent an average of approximately 20 employees.

The college has not adequately bid or monitored furniture purchases of the various building projects. The college has purchased approximately \$1.8 million in furnishings from one primary vendor since 1997.

In 2000, the college entered into a ten-year contract with a local vendor to provide and service vending machines at the Springfield campus. The college did not solicit bids for this contract. The terms of the contract were negotiated with a representative from the vending company, who also serves as a member on the Ozarks Technical Community College Foundation Board.

**The college subsidizes most of the operating expenses of the Foundation and the Foundation is depriving eligible students of available scholarship funds.**

The Ozarks Technical Community College Foundation, a not-for-profit corporation, was established in 1995 to provide financial support and assistance for certain charitable, education, literary, and scientific purposes of the college; however, the college subsidizes most of the operating expenses of the Foundation.

The Foundation is not fulfilling the charitable intentions of donors and efforts to monitor scholarship donations need to be improved. We noted one scholarship donation totaling \$6,217 that has been inactive since 1995. The college agreed to match the interest earned on this donation and informed the donor in 1997 that scholarships would be awarded; however, the college has not matched the interest earned nor has the Foundation awarded any scholarships from this donation. At April 30, 2002, scholarship funds totaling over \$19,000 were available but not distributed by the Foundation.

**President's compensation needs to be reviewed.**

The President's contract is for three years, and is handled as a continuous contract. As a result, the contracts never expire, and the Board loses much of the authority and influence it might otherwise exercise over its top administrator.

Also, as part of the President's compensation package, the college paid an automobile allowance of \$5,400 annually and reimbursed the President 34.5 cents per mile for mileage incurred on college related trips. During the year ended June 30, 2001, the college paid more than \$11,350 to the President for mileage and automobile allowance. In July 2002, the automobile allowance increased by 89 percent, to \$10,200 annually. The practice of paying both an automobile allowance and mileage reimbursements needs to be re-evaluated.

**Our audit also reviewed the college's monitoring of the its bookstore contract and day care facility. The audit also noted staff development and reimbursement policies, and accounting controls that need improvement.**

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OZARKS TECHNICAL COMMUNITY COLLEGE

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-40

<u>Number</u>	<u>Description</u>	
1.	Construction Projects .....	5
2.	South Campus Development.....	7
3.	Professional Services .....	10
4.	Vending Contract .....	11
5.	Bidding and Purchasing Policies.....	13
6.	Foundation .....	15
7.	Expenditures .....	19
8.	Bookstore Contract .....	24
9.	President's Compensation .....	25
10.	Travel and Personnel.....	28
11.	Accounting Policies and Procedures.....	32
12.	Day Care Center.....	36
13.	Board Meetings and Minutes .....	38
14.	Fixed Assets .....	39
	HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	41-50

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Board of Trustees of the Junior College  
District of Central Southwest Missouri  
and  
Dr. Norman K. Myers, President  
Ozarks Technical Community College  
Springfield, MO 65802

We have audited the Ozarks Technical Community College. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2001 and 2000. The objectives of this audit were to:

1. Review and evaluate expenditures of the colleges as well as purchasing practices and procedures.
2. Review and evaluate selected personnel practices and procedures.
3. Review internal control procedures over selected financial areas, legal compliance issues, and management practices to determine the propriety, efficiency, and effectiveness of those procedures and practices.
4. Review selected records and activities of the colleges' Foundation.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The college's Board of Trustees had engaged Davis, Lynn, & Moots, P.C., Certified Public Accountants (CPA firm), to perform financial audits of the colleges for the years ended June 30, 2001 and 2000. To minimize any duplication of effort, we reviewed the reports and substantiating work papers of this CPA firm. In conducting our audit, we interviewed personnel; reviewed specific policies, procedures, and relevant legal provisions; reviewed various documents and records; and visited campus locations.

As part of our audit, we assessed the college's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the college's management and was not subject to the procedures applied in the audit of the Ozarks Technical Community College.

The accompanying Management Advisory Report presents our findings arising from our audit of the Ozarks Technical Community College.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

May 24, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



OZARKS TECHNICAL COMMUNITY COLLEGE  
MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR’S FINDINGS

**1.**

**Construction Projects**

In 1996, the Ozarks Technical Community College (OTC) began to implement a master plan for construction of a permanent campus. Through a public building corporation, the college purchased land adjacent to its original buildings. The Technical Education Center opened in 1997, the Information Commons in 1998, the Information Commons East Wing in 1999, the Industry and Transportation Technology Center in 2000, renovations of Lincoln Hall in 2001, and the Information Commons West Wing is scheduled to be completed in 2002. During our review of some of these capital improvement projects, we noted the following concerns:

- A. Several of the construction contracts were significantly increased through change orders. Additional bids or proposals were not solicited for any of the change orders.
- The college expended over \$1 million as a result of change orders for the Industry and Transportation Technology Center. The original construction contract totaled \$8 million. Many of the construction change orders were for work that was not included in the scope of the original project. For example, over \$390,000 was to construct the John Q. Hammons Fountain, and \$131,740 was to construct a parking lot.
  - The college expended \$386,400 as a result of change orders for the Lincoln Hall Renovation Project. The original construction contract totaled \$6.2 million. Change orders included \$118,000 for the renovation of classrooms located in a different building. This work was not included in the scope of the original project.
  - In addition to the increased construction costs resulting from change orders, we also noted increased architectural costs totaling \$124,913 and \$73,874 on all active construction projects for the years ended June 30, 2001 and 2000, respectively (procurement of architectural services is discussed in more detail in MAR No. 3).

Change orders are normally used to make adjustments for minor problems that are unknown when construction projects are originally bid. They should not be used to make significant changes to existing contracts. If the scope of a project changes substantially, consideration should be given to rebidding those parts of the project.

B. The college has not adequately bid or monitored furniture purchases for the various building projects.

- The college has purchased approximately \$1.8 million in furnishings from one primary vendor since 1997. In 1997, the college solicited bids for furniture as part of the bid for the construction of the Technical Education Center; however, no bids have been requested since that time.

The 1997 bid specifications required the furniture bidder to propose a discount rate on purchases that would be held firm and fixed for four years. However, there is no written contract to outline the discounts to be received, the furnishings to be provided, or the prices for those furnishings. In fact, college personnel are not aware of what discount amounts should have been received on furniture purchases and invoices from the furniture vendor do not reflect any discounts. According to the furniture vendor, the discount rate varies.

College personnel indicated the same furniture vendor was used to maintain consistency between the various buildings. However, after our review of this area, the college purchased similar furnishings from a new vendor. These new furnishings were the same brand and quality; but were purchased at a savings of more than 28 percent.

- The OTC paid an interior designer between \$25,000 and \$30,000 per building to select furnishings. It appears the college relied on the designer to oversee the furnishing of the buildings and, as a result, did not adequately monitor furniture purchases. We noted instances where the price of some furnishings increased substantially. For example, we noted the price of a trash can purchased by the college increased from \$421 to \$618 in one year (a 47 percent increase).

We also noted three benches costing \$3,342 purchased in September 2000 were never delivered to the college. While college records indicated the benches were not delivered and college personnel were aware or informed on the nondelivery of these items, college personnel paid for the benches, but did not follow up with the vendor to determine why the items had not been delivered. The furniture was delivered in May 2002, after we brought this matter to the attention of the furniture vendor.

To protect the interests and resources of the college, furnishing of new facilities must be adequately planned and monitored. Further, soliciting bids and entering into written agreements where all terms and conditions are specified provides the college a means to select the vendor best suited to provide the goods required and the tool necessary to adequately monitor furniture purchases.

**WE RECOMMEND** the OTC:

- A. Ensure adequate planning is performed to reduce the number of change orders, and, if substantial changes are needed, consideration should be given to rebidding the applicable projects.
- B. Solicit bids for each major furniture purchase and establish procedures to monitor all future furniture purchases.

**AUDITEE'S RESPONSE**

- A. *OTC agrees with the goal of minimizing the number of change orders on construction projects. As construction of the new \$7.2 million Information Commons West nears completion, change orders to date total less than \$200,000 or less than three percent of the base cost of the project.*

*In responding to explosive enrollment growth and student needs, OTC has implemented a Campus Master Plan for Facilities in a very short period of time. In every instance, the college has attempted to be a good steward of the public funds that have made the new campus a reality.*

- B. *OTC agrees with the goal of obtaining competitive pricing for all furniture purchases, and has achieved this goal as a result of a competitive bidding process in 1997 that selected a furniture vendor who agreed to provide substantial discounts and uniformity of product in meeting the college's needs in equipping new and existing facilities.*

*OTC also agrees that it is important to monitor all furniture purchases, and has incorporated some of the specific suggestions included in the Audit Report to improve monitoring.*

**2.**

**South Campus Development**

- A. In 2000, the college purchased three parcels of land in Christian County, Missouri, totaling approximately seventy-eight acres, for the purpose of developing a South Campus. The property was subsequently annexed into the city of Ozark. Two parcels (approximately seventy-four acres) were purchased from the individual that serves as the college's attorney.

The attorney owned the land for only a few months prior to selling the property to the college. The attorney indicated he purchased the property on behalf of the college and was searching for a donor to purchase the property from him, improve the property, and then donate it to the college. When the search proved unsuccessful, the college purchased the property directly from the attorney. However, neither the college nor the attorney were able to provide adequate documentation to support these intentions. In fact, other than the college

president, college officials indicated they had no knowledge of the original cost paid by the attorney for the property.

We obtained information from the attorney to verify the details of this transaction. In addition to reimbursing the attorney for the cost of the land (\$534,000), closing costs (\$1,800), miscellaneous expenses (\$4,000), and all accrued interest (\$13,000), the college paid attorney fees totaling more than \$33,000 for time spent searching for a donor. The college did not have an agreement with the attorney related to the various property transactions and an independent appraisal of the property was not obtained.

A transaction such as this between the college and its attorney may create the appearance of a conflict of interest or impropriety, especially when adequate documentation is not maintained by either party involved. Good business practices require that major real estate purchases be adequately documented. Further, formal and independent appraisals are necessary to ensure a reasonable price is paid.

- B. The State of Missouri granted the college a specific appropriation totaling \$180,000 during the year ending June 30, 2001, for the infrastructure planning and development of the college's South Campus. The appropriation required the college to provide matching funds of \$180,000. Because the college did not have plans in place to use the appropriation, the college signed a contract in February 2001 with the city of Ozark transferring \$360,000 to an interest bearing checking account for which the city served as a fiscal agent, but the college retained the authority to spend the funds. The city of Ozark was apparently involved in this contract because of the potential economic development benefits to the city and to coordinate planning and utility expansions for the south campus area.

The college provided a copy of an invoice from the city of Ozark to the State of Missouri for architectural and engineering services, utility expansion, vehicular access, and other services totaling \$360,000 to support the payment of the appropriated funds from the state treasury to the college. This invoice was misleading. Only minimal architectural services had been performed as of the date of the invoice. As of February 2002, one year later, funds totaling over \$298,000 still remained idle in the city's account.

This agreement provided the college a means to draw the state appropriation that would have otherwise lapsed at year-end without spending the money for its intended purpose. In addition, the college has not secured funds to continue with the expansion of the South Campus.

Allowing funds to remain idle is an unnecessary use of state funds. In addition, transferring funds to a separate entity increases the possibility that funds will be misused. The college should re-evaluate its contract with the city of Ozark, and consider ending the agreement. Furthermore, the college should, in the absence

of a legitimate claim, refund to the State of Missouri \$180,000, plus interest, that was improperly claimed by the college and held by the city of Ozark.

**WE RECOMMEND** the OTC:

- A. Avoid situations that present an appearance of a conflict of interest and ensure all real estate transactions are adequately documented. In addition, obtain an independent appraisal of any property purchased in the future.
- B. Discontinue the practice of spending state appropriations in advance of the need and consider canceling the contract with the city of Ozark. In addition, the college should refund to the State of Missouri the amount improperly claimed.

**AUDITEE'S RESPONSE**

- A. *OTC agrees that the appearance of a conflict of interest can be almost as destructive as the existence of a conflict. In acquiring a site south of Springfield for future campus expansion, the college attempted to balance the need for confidentiality in ensuring a good and fair purchase price with the importance of demonstrating accountability to the patrons of the college district. The college did obtain a verbal appraisal of the purchased property, but did not request that appraisal in writing at the time of the transaction. With the examples of the verbal appraisal report and other aspects of the purchase of the South Campus properties in mind, the college agrees that better contemporaneous documentation would be helpful in future real estate transactions.*
- B. *The college strongly disagrees with the conclusion that the \$180,000 state appropriation was spent "in advance of the need." The cooperative agreement in place with the city of Ozark is a prudent arrangement to maximize dollars appropriated by the General Assembly (and the \$180,000 match provided by OTC) for the planning and development of the South Campus. Every single dollar appropriated by the General Assembly and budgeted by OTC for the planning and development of OTC's South Campus has been spent consistent with that purpose. The Alderman of the city of Ozark and the OTC Board of Trustees approved the agreement in open public meetings.*

*To date, these funds have been used to develop an architectural Master Plan for the South Campus and more recently to begin the engineering work necessary to extend sewer, water and other utilities to the site. When this work is completed, a substantial portion of the total fund of \$360,000 will have been expended in a timely, efficient fashion. The dollars remaining in this fund will be available at that point to help defray the costs of building the needed infrastructure improvements.*

**3.****Professional Services**

The college hires firms and individuals to perform various professional services; however, it does not have formal written policies and procedures for the selection and procurement of companies or individuals for professional services. Our review noted requests for proposals were not solicited for over \$3.9 million in various professional services. In addition, written agreements were not entered into for some professional services.

- The college has used the same architectural firm for construction projects since 1993. Although the college originally selected the firm through a formal selection process, the college has continued to renew the contract with this firm without periodically requesting or reviewing proposals from other architectural firms. Payments to this firm since 1993 total more than \$2.6 million.
- The college, in conjunction with the Ozarks Technical Community College Public Building Corporation, did not solicit proposals for the services of the bond underwriter, bond counsel, and bond rating services for debt instruments issued during fiscal years 2001, 1999, 1998, 1996, and 1995. These debt instruments were issued for the purpose of classroom construction. The issuance costs for the debt instruments total approximately \$828,000.
- The college does not have a written agreement with its legal counsel and according to college officials, the same firm has been used since the college originated in 1990. Although the college originally selected the firm through a formal selection process, the college has continued to use this firm without periodically soliciting proposals. The college paid approximately \$127,600 to this firm during the two years ending June 30, 2001. Further, the invoices submitted by the firm do not provide details related to the hours spent or the hourly rate charged by the legal counsel.
- The college has not solicited proposals for its annual audits since November 1990, when the current auditing firm was selected. The college has continued to have this same firm perform its annual audits. College officials indicated they were pleased with the services of this firm and wanted to maintain this relationship. The college paid \$34,575 for auditing services during the two years ending June 30, 2001.
- The college did not solicit proposals for marketing services. The college paid over \$283,000 during the two years ending June 30, 2001 for these services. In addition, there was no written agreement for these services.

While professional services, such as attorneys, architects, accountants, and consultants, may not be subject to standard bidding procedures, the college should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such

services to a competitive selection process does not preclude the college from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the college to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. Further, legal fees should be supported by adequate documentation of the number of hours spent and the hourly rate charged.

**WE RECOMMEND** the OTC develop formal written policies and procedures for the selection and procurement of companies or individuals for professional services. In addition, the college should solicit proposals for professional services to the extent practical and prepare written contracts to formalize these agreements. The college should also ensure legal fees are supported by detailed invoices.

#### **AUDITEE'S RESPONSE**

*OTC has utilized a consistent, fair process in selecting companies or individuals who perform professional services, but agrees that it is appropriate and helpful to reduce this process to a written policy. OTC has executed written contracts to formalize agreements with companies and individuals that provide professional services, and will continue to do so.*

*With respect to detailed invoices for legal services, OTC has coordinated with outside legal counsel a revision of the invoice and billing process that provides the college with more information to assess legal fees.*

<b>4. Vending Contract</b>
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In 2000, the college entered into a ten-year contract with a local vendor to provide and service vending machines at the Springfield campus. The college did not solicit bids for this contract. The terms of the contract were negotiated with a representative from the vending company, who also serves as a member on the Ozarks Technical Community College Foundation Board. This relationship presents the potential for a conflict of interest.

Terms of the contract required the vendor to donate a piece of property adjacent to the college's Springfield campus, and make an annual commission payment of \$8,000. According to college personnel, the land and building was valued at \$400,000; however, the college did not request or obtain a written, independent appraisal on the property. The college subsequently spent \$100,000 to demolish the building and add fencing to the property for a parking lot.

A formal review of anticipated commissions from the use of vending machines was not performed to provide a comparison of this agreement and the related terms to other potential vending agreements. Prior to 2000, the college received commissions from a different outside vendor based on the volume of sales. This type of arrangement could potentially provide the college with increased commissions as student enrollment increases; however, the current contract has limited the college's vending commissions to only \$8,000 per year and obligated the college to this vendor for at least 10 years. Further, the contract stipulates that if the college terminates the contract, the vendor has the right to pursue legal remedies to recover damages and lost profits. Thus, should the college wish to terminate the contract, buyout terms could prove costly.

Because the vending contract was not bid, college officials have no assurance that the current agreement offers the most benefits to the college. Furthermore, college officials should avoid transactions where potential conflicts of interests exist, and long-term agreements that obligate the college to a single vendor.

Soliciting proposals and entering into a truly competitive bidding process provides the college with a range of possible choices, and a means to select the vendor best suited to provide the service required. In addition, good business practices require that major real estate transactions be formally and independently appraised to ensure a reasonable value is exchanged, and a formal review or study of anticipated commissions be performed and documented at the time of the transaction to support the college's decision making process. Further, college officials should avoid transactions where a potential conflict of interest exists.

**WE RECOMMEND** the OTC reevaluate its practice of entering into long-term contracts, solicit bids for college vending services, obtain independent appraisals of property exchanged, and avoid transactions that could present actual conflicts of interest or the appearance of conflicts of interest.

### **AUDITEE'S RESPONSE**

*As a general rule, OTC does not enter into contracts with a term longer than three years. The agreement with the current vending company was an opportunity for the college to increase vending revenues dramatically over a ten-year period and also acquire in a friendly transaction an adjacent property that has been converted to a parking lot with capacity for 120 cars. Before entering into the long-term agreement, OTC contacted other vending companies who confirmed that they were not in a position to contribute an asset valued at more than \$400,000 in addition to annual vending revenues.*

*The college disagrees that the transaction to increase vending revenues and obtain a much-needed property for parking involved either the appearance or reality of a conflict of interest. This transaction was facilitated in part by a community volunteer and Foundation Board member who is also associated with the vending company. The college, the OTC Foundation and the vending company were at all times aware that the community volunteer was also affiliated with the vending company.*



*With respect to a formal appraisal of the property, OTC did receive an oral appraisal from the late Fred Wagner, a respected business appraiser who has been a property consultant to the City of Springfield, City Utilities and OTC. The appraised value in excess of \$400,000 makes the total value of the ten-year contract almost \$500,000, an amount significantly greater than the college's previous vending agreement and substantially more than any other vendor indicated they could provide under a vending agreement.*

<b>5. Bidding and Purchasing Policies</b>
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- A. The college has no written policies defining levels of purchase authorization or approval requirements for various purchases. In addition, college bidding guidelines are unclear and are not being consistently followed by the various college departments. The policy requires competitive price quotations for purchases over \$2,000, but then states that telephone or written quotes are optional for purchases between \$6,000 and \$9,999. The policy indicates that sealed bids shall be received for all purchases over \$10,000; however, it does not address whether purchases over \$10,000 need to be publicly advertised. Further, the policy does not address the situation in which sole source procurement is necessary or provide standards for documentation of bidding procedures performed. As a result, the college has no assurance that its resources are being effectively and efficiently used.

We had concerns regarding the following purchases:

- The college routinely uses a local electrical contractor for electrical services, but does not bid these services. Approximately \$181,600 and \$71,400 was expended during the years ending June 30, 2001 and 2000, respectively, for these services.
- The college paid approximately \$97,000 and \$80,500 during the years ending June 30, 2001 and 2000, respectively, for software maintenance. Although college personnel indicated the purchase was from a sole source provider, this information was not documented. If sole source procurement is necessary, the college should retain documentation of these circumstances.
- Sewer line repairs totaling \$43,906 were not bid. College personnel indicated this was handled as an emergency repair. The college's bid policy gives authority to the President and the Vice President of Administration and Business to make emergency purchases without receiving bids or quotations. However, the policy requires emergency purchases to be ratified by the Board of Trustees and this purchase was not ratified by the Board. In addition, documentation to support this expenditure was not adequate.

- The college paid one company approximately \$29,500 for various building maintenance services for the year ended June 30, 2001, and an additional \$35,000 for the period from July 1, 2001 through January 31, 2002. These services were not bid.

Complete and detailed written purchasing policies and procedures are necessary to provide guidance. Bidding procedures for major purchases provide a framework for the economical management of college resources and help assure the college that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in college business.

Documentation of bids should always be retained as evidence the college's established purchasing procedures are being followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice where applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

- B. The college provides approval for numerous routine bills through a process in which standing purchase orders are issued; however, the college has not established written policies or procedures for the establishment of such purchase orders and has not monitored the status of standing purchase orders.

Some standing purchase orders have individual transaction maximums while others do not; however, college personnel indicated they regularly circumvent the maximum limits of purchase orders by having the vendor ring the sale as two separate purchases. In addition, we noted one standing purchase order with a maximum individual transaction limit of \$3,000; but there was one purchase that exceeded \$5,700.

Further, some standing purchase orders are reissued each year to the same vendor without the college competitively bidding such purchases. We noted numerous instances during the two years ending June 30, 2001, where competitive bidding should have been considered:

<u>Item</u>	<u>Amount</u>
Automotive supplies	\$ 97,163
Moving services	92,951
Painting services	79,915
Books and supplies	72,475
Food supplies	70,150
Dental supplies	69,688
Mailing services	39,098
Maintenance supplies	28,403
Backhoe and snow removal	26,840
Copier maintenance services	23,387
Pest control	10,499

Written policies and procedures for establishing, approving, and monitoring standing purchase orders are necessary to provide guidance, avoid misunderstandings, and to prevent unauthorized or fraudulent purchases. Also, competitive bidding helps ensure the college receives fair value by contracting with the lowest and best bidders.

**WE RECOMMEND** the OTC:

- A. Develop written policies and procedures for college purchases. In addition, the college should clarify its current bidding policy and ensure the policy is uniformly followed by all college departments.
- B. Develop written policies and procedures for establishing, approving, and monitoring standing purchase orders. This should include a provision that provides for competitive bidding of all college purchases.

**AUDITEE'S RESPONSE**

*A&B. The college agrees that a revision of its written policies and procedures for college purchases is timely, and such a revision was already under way before the arrival of the State Auditor on the OTC campus. With growth in the college budget from less than a million to more than \$40 million for Fiscal Year 2003, revised policies will better reflect the growing complexity of purchasing requirements at OTC. The revised bidding and purchasing requirements will be presented to the OTC Board of Trustees in September of 2002.*

<b>6.</b>	<b>Foundation</b>
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A not-for-profit corporation, the Ozarks Technical Community College Foundation (the Foundation), was established in 1995 to provide financial support and assistance for certain charitable, educational, literary, and scientific purposes of the college. The

Foundation is administered by five officers and a committee of fourteen members. The College President and a member of the Board of Trustees serve as ex-officio members.

The Foundation receives donations from individuals and organizations for the benefit of the college. Donations received by the Foundation are classified as either unrestricted, restricted, or endowment funds. Unrestricted funds are expendable for any purpose deemed appropriate by the Foundation. Restricted funds are restricted by the donor, grantor, or other outside party for a particular purpose. Endowment funds are subject to the restrictions of gift instruments with the principal and/or income used as specified by the donor. For the year ended June 30, 2001, revenues and expenses of the Foundation totaled approximately \$232,971 and \$85,521, respectively. Of the expenditures, \$32,390 was distributed in the form of scholarships. A review of the Foundation's operations and activities disclosed the following concerns:

- A. The college subsidizes most of the operating expenses of the Foundation. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.
- In fiscal years 2001 and 2000, the contributed services totaled approximately \$75,600 and \$83,600, respectively, and were paid from the college's General Fund. These amounts primarily involved the payroll and employee fringe benefit costs of college employees who serve as the Foundation's staff; however, they also included auditing, postage, travel, telephone, and other expenses. In addition, the college provides office space for the Foundation staff and Foundation expenditures are processed through the college's business office.
  - The college's contract with its bookstore vendor provides for a \$20,000 general donation to the college. In August 1999 and September 2001, the college gave these funds to the Foundation. Because these funds are part of the consideration of the contract with the college's bookstore vendor, they appear to be general operating revenue of the college.

The practice of subsidizing the Foundation with college funds appears to constitute the granting or lending of public funds to a private entity, which is prohibited by Article VI, Section 25 of the Missouri Constitution.

- B. In February 2000, the Foundation entered into a contract with a consultant to provide various services to the Foundation. The Foundation agreed to pay the consultant \$3,000 per month plus expenses. According to the duties outlined in the contract, the consultant was to prepare a master plan for fundraising activities and assist the Foundation in achieving its fundraising goals. The Foundation's goal was to raise \$5 million within five years; however, the contract with the consultant was not contingent upon achieving any related financial goal.

The Foundation paid the consultant \$49,956 between February 2000 and May 2001, at which time the Foundation fell behind in its payments because it did not have sufficient funds to continue paying the consultant. As a result, the contract was cancelled, the Foundation's unrestricted funds were depleted, and the college had to make the final payment of \$6,000 to the consultant in August 2001.

There is no documentation to indicate that Foundation or college officials reviewed the estimated costs and anticipated benefits associated with this contract prior to its inception. In addition, because of turnover in Foundation staff the plan that was developed by the consultant has not been implemented, and the amount of funds that may be received, if any, can not be determined.

Prior to entering into similar type contracts, the Foundation should perform a detailed review of estimated costs to ensure the Foundation expends the charitable contributions it receives in a manner that can be reasonably expected to benefit or be in the best interest of the Foundation, College, and student population.

- C. The Foundation's efforts to distribute and monitor scholarship donations need to be improved.
- Available scholarship funds are not always distributed to students, and several scholarship donations have been inactive for many years. We noted one scholarship donation totaling \$6,217 that has been inactive since 1995. The college agreed to match the interest earned on this donation and informed the donor in 1997 that scholarships would be awarded; however, the college has not matched the interest earned nor has the Foundation awarded any scholarships from this donation.
  - Endowments or other named scholarships have been invested by the Foundation; however, interest and other gains or losses on investments have not been applied to such scholarships. The earnings from all investments are applied to the general scholarship fund and the Foundation has not awarded any scholarships from this fund. The purpose of an endowment is to invest a donor's gift in perpetuity with the income from the principal of the gift being distributed in the form of scholarship awards.
  - The Foundation has not established efficient procedures to communicate the availability of scholarship funds to the Financial Aid Office. The Financial Aid Office is responsible for preparing scholarship application forms and notifying students of the availability of scholarship funds. Further, several Foundation scholarships were not included in the college's Financial Aid and Scholarship Guide. This guide is provided to students to assist in applying for and obtaining available scholarships.

- The Foundation did not maintain adequate records for some scholarships, including information related to the donor's intentions or criteria for awarding the scholarship. Many donors specify eligibility requirements, award amounts of the scholarships, and procedures for application.

At April 30, 2002, scholarship funds totaling over \$19,000 were available but not distributed by the Foundation. This balance included earnings on endowed scholarships and many other one-time donations of scholarship funds. As a result of this situation, the Foundation is depriving eligible students of available scholarship funds, and is not fulfilling the charitable intentions of donors.

Efficient procedures to communicate the availability of scholarship funds to the Financial Aid Office are necessary to ensure available scholarships are being utilized. The practice of including all available scholarships in the college's scholarship guide would help ensure that all students are aware of the Foundation's scholarship opportunities. Further, formal policies related to the solicitation of donations and adequate records of donor gifts are necessary to ensure that funds are being used to fulfill the donor's intentions.

**WE RECOMMEND** the OTC:

- A. Discontinue the practice of subsidizing the operations and activities of the Foundation and consider requesting reimbursement from Foundation funds for past subsidies.
- B. Along with the Foundation, analyze the feasibility of any future consulting contracts prior to their inception to ensure all contracts are in the best interest of the college.
- C. Along with the Foundation:
  - Ensure all available scholarship funds are being awarded to eligible students.
  - Ensure earnings and/or losses on investments are added to applicable endowments or other scholarships.
  - Develop policies and procedures to inform the Financial Aid Office of all available Foundation scholarships.
  - Maintain adequate records of the donor's intentions for related scholarships.

## **AUDITEE'S RESPONSE**

*A-C. The OTC Board of Trustees approved the creation of the OTC Foundation and the appointment of an Executive Director of the Foundation to advance the mission and goals of the college. The trustees remain committed to the Foundation, and have allocated funds each year to support the Foundation, particularly the dollars for the salary of the Executive Director. The Executive Director of the Foundation represents the college in a variety of capacities, and is an important ambassador representing OTC before a variety of internal and external constituencies. The college has benefited from the activities of the Foundation, and has no intention to seek reimbursement from the Foundation of funds allocated to help create and establish the Foundation and the role of Executive Director.*

*The Foundation Board, composed of community volunteers who support the mission of OTC, has and will continue to closely analyze consulting contracts entered into on behalf of the Foundation. Raising funds to support college activities is a challenging, long-term process, especially in the current difficult economic climate. The Foundation Board is confident that the plan developed as a result of the consulting contract reviewed by the State Auditor will result in substantial contributions to OTC and the Foundation over the next several years.*

*One of the primary purposes of the Foundation is to raise funds for scholarships, and the Foundation Board and the college agree that funds available for scholarships should be distributed annually consistent with the intent of the donors. The Foundation and the college also agree that unitary accounting is appropriate to track individual scholarship funds, and that approach has been implemented by the Foundation. The Foundation and the OTC Financial Aid Office continue to make efforts to improve and streamline communication concerning available Foundation scholarships, and that information was included in the college's 2002 Guide to Financial Aid.*

<b>7.</b>	<b>Expenditures</b>
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A. The college's contract with its bookstore vendor provides for a \$20,000 general donation to the college. During July 2000, the college directed this \$20,000 donation to the Committee for Better Jobs, Better Lives which was a committee formed to advocate a five-cent property tax ballot issue for the college on the April 2001 ballot. Section 115.646, RSMo 2000, prohibits the use of public funds to advocate, support, or oppose any ballot measure. The only safe harbor that Section 115.646, RSMo 2000, provides is the authority for public officials to make public appearances and issue press releases to the media. It is questionable whether the disbursement of \$20,000 to the committee was allowable under state law.

The college contends that this contribution was not in violation of state law since the funds were stipulated as a "general donation" in a contract with the college's bookstore vendor. Because these funds are part of the consideration of the contract, they appear to be general operating revenue of the college and therefore must be disbursed in accordance with state law.

B. Our audit noted numerous expenditures which did not appear to be a prudent or necessary use of college, or public funds. These expenditures included:

- \$5,150 for two decorative eagles,
- \$5,000 for cakes, cards, flowers, food, and other gifts for employee birthdays, illnesses, weddings, retirement receptions, as well as employee meetings and Board of Trustee gatherings,
- \$2,000 on food and beverages for a staff Christmas reception and decorating party,
- \$775 on candy for the faculty break room at the Technical Education Center,
- \$1,000 for a membership to the Wonders of Wildlife Museum,
- Other questionable items included baseball tickets given to college employees (\$260), and other purchases such as the rental of a Santa Claus suit.

These expenditures do not appear to be a prudent use of college resources. The college should ensure college funds are spent only on items which are necessary to meet the critical educational needs of the college.

C. According to college records, approximately \$53,600 was paid for employee registration, lodging, meals, and mileage expenses for employees to attend the Missouri Community College Association Annual Convention held in St. Louis, Missouri during October 2001. We noted the college sent 178 employees to this conference while other community colleges across the state sent an average of approximately 20 employees.

While a certain level of professional development is necessary, the college should assess the importance of its annual attendance at the convention as compared to other critical needs of the college. The college should also consider developing a comprehensive policy regarding professional development.

D. Annually, the college gives \$300 to \$500 to each employee selected as a recipient of its Excellence in Education Award. A total of \$3,800 was awarded to employees during the two years ending June 30, 2001. The Excellence in



Education Award is presented to instructional, administrative, clerical, and custodial staff members. In addition, the college often presents gift certificates to employees as an incentive to present informational workshops during the college's in-house training. We noted one instance where gift certificates totaling \$600 were awarded to various staff members.

These payments appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." Article III, Section 39 of the Missouri Constitution also prohibits the use of public funds for gifts to any person.

- E. The college cafeteria allows some employees to charge meals and other food items directly to the college. These charges to the college are applied against the employees' departmental budget. Employees allowed to charge consist primarily of the college deans and vice presidents; however, some employees supervised by these individuals are also allowed to charge. Our review of cafeteria charges noted the following concerns:

- The college does not have written policies or procedures regarding which employees are allowed to make cafeteria charges, or the types of charges that are allowed.
- Cafeteria charge slips are not always signed by the employee making the charge. In addition, charge slips do not document the purpose of the meal charge.

Complete and detailed written policies are necessary to provide guidance, avoid misunderstandings, and to prevent unauthorized charges. To ensure the validity and propriety of cafeteria charges, and to ensure that all charges are properly authorized, all charge slips should include a stated purpose as well as the signature of the employee making the charge and the employee authorizing the charge.

- F. The college has no written policies for returning merchandise and obtaining credits or refunds. Some merchandise is returned through the college's central receiving department, while some merchandise is returned directly by the individual department who received the merchandise.

The business office relies on the individual departments to track their own returns and notify the business office if a credit memo or refund has not been received. However, many of the departments are not properly following up to ensure credits or refunds are received by the college. During our review of expenditures, we

noted returned merchandise from July 2000 totaling \$385 for which the college had not received a credit. College personnel contacted the vendor and obtained a refund after we brought this matter to their attention.

To safeguard against the possible loss or misuse of funds, merchandise returned to vendors should be handled through one central location. To ensure that the college has received full credit for returned merchandise and to ensure the credit is properly recorded, someone independent of the accounts payable process should record the credit. In addition, to ensure that procedures for returning merchandise and handling credit memos are followed, the college should establish a formal written policy.

- G. The college pays for approximately fourteen cellular phone plans for various college departments and employees. The college utilizes two separate cellular phone providers, and each phone has a separate usage package with differing monthly fees and number of free minutes allowed. During our review of cellular phone use, we noted the following concerns:

- The college has not developed a formal written policy regarding cellular phone usage, or guidelines to determine whether a cellular phone is needed or of benefit to the college. Currently, college departments are allowed to contact cellular phone companies to set up their own accounts and obtain cell phones without any review or approval from other college fiscal or management personnel.

Further, we noted the college purchased three cell phones for one department, but then determined that the departmental budget was not sufficient to pay the related monthly charges. The cellular phones were then given to the respective employees to maintain personally.

- Some college departments allow personal use of cellular phones. During June 2000, approximately 17 calls, representing over 76 percent of the total airtime minutes used by the Vice President of Administration and Business were for personal use. The Vice President generally reimburses the college \$25 per month for personal calls; however, this only represents approximately 20 percent of the monthly charges. In addition, there is no documentation to support how the \$25 was determined to cover the personal calls. Further, the college does not provide a cellular phone to other college vice presidents.

Since the personal usage of cellular phones does not provide any clear benefit to the college, consideration should be given to prohibiting such use except in cases of emergency.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy should be developed regarding cellular phones.

This policy should establish a monitoring system for the assignment, usage, and acquisition of cellular phones to ensure they are acquired only by authorized personnel and used for business purposes. In this policy, the college should consider prohibiting the personal use of the cellular phones, except in cases of emergency.

**WE RECOMMEND** the OTC:

- A. Ensure public funds are not expended to advocate, support, or oppose any ballot measure.
- B. Ensure all expenditures are a necessary and prudent use of college funds.
- C. Assess the cost of attending the annual convention as compared to other critical education needs.
- D. Discontinue awarding gifts or bonuses to employees.
- E. Establish comprehensive written policies and procedures for cafeteria charges, and ensure that charge slips include a stated purpose and are properly signed.
- F. Establish written policies for returning merchandise and obtaining credits or refunds and establish controls to ensure these policies are enforced. The college should consider requiring all returns and refunds to be handled through a central location.
- G. Develop a formal written policy regarding the use of cellular phones, including a provision prohibiting their use for personal reasons. In addition, the college should establish a monitoring system for the assignment, usage, and acquisition of cellular phones.

**AUDITEE'S RESPONSE**

*A-G. The college agrees that public funds should not be expended to advocate, support or oppose any ballot measure. OTC has a responsibility to provide information to patrons about any ballot issues involving the college, but advocacy is left to independent campaign committees established by friends and supporters of the college. In each instance when OTC has placed a tax levy or bond issue on the local ballot, an independent campaign committee composed of volunteers has headed up the advocacy portion of the campaign.*

*The college agrees it should continue to ensure that all expenditures are a necessary and prudent use of college funds.*

*Each year that OTC personnel have attended the annual convention of the Missouri Community College Association, the college has assessed the costs associated with staff attending the convention and has concluded that attendance at the MCCA Convention is*

*a very cost-effective opportunity for staff development. The same analysis will take place this and every fiscal year.*

*The college disagrees that gifts or bonuses have been awarded to employees. Instead, the annual Excellence in Education Awards are honors presented to outstanding employees each year from the OTC faculty and staff. The college intends to continue the practice of honoring outstanding employees on an annual basis.*

*The college has established a new policy for Food Services that addresses meal charges and other relevant issues as a new, expanded cafeteria will open in the Information Commons West building in September of 2002.*

*The college is refining its policies for returning merchandise and obtaining credits or refunds and agrees that all returns are best handled through a central location, the Receiving, Mailing and Purchasing Building on Central Street.*

*Finally, the college agrees that a formal written policy regarding the use of cell phones should be established, including prohibition of college cell phones for personal use and criteria and monitoring for the assignment and usage of cellular phones.*

<b>8.</b>	<b>Bookstore Contract</b>
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The college contracts with an outside vendor to operate a bookstore on campus. In 2001, the college solicited bids for this service and negotiated a three-year contract with the vendor who has provided this service since the college's inception.

The contract provides commissions to the college based on bookstore sales less certain exemptions. Amounts that are exempted include discounted sales to college faculty and staff, computer hardware sales, and other sales that are made at a discount. The contract allows the Vice President of Administration and Business to approve exempt sales. The contract also allows the college to monitor bookstore prices and the related buybacks of student textbooks. Further, the contract states that bookstore records will be available for "review, audit and verification" by college personnel. Our review of this contract revealed the following weaknesses:

- The college has not established procedures to verify the accuracy of reported sales and the related commission calculations. During the year ended June 30, 2001, the bookstore reported sales of more than \$1.7 million, of which the college received commissions of approximately \$133,000. No effort was made by the college to verify commissions to ensure the appropriate amount was received.
- The Vice President of Administration and Business does not review, monitor, or approve exempt sales as allowed by the contract. During the year ended June 30, 2001, the bookstore exempted sales totaling \$96,182 from the commission calculation.

- The college has not developed procedures to monitor discounts that are received on departmental purchases from the bookstore. The contract specifies varying discount rates for all college purchases except textbooks. While the contract does not address discounts on textbooks, discounts are often received. However, we noted one instance where a discount was not received on a textbook purchase and after we brought the matter to the attention of the book store, the college received a refund of \$69.
- The college does not monitor bookstore prices or the related buybacks of student textbooks. The contract establishes maximum prices that can be charged by the bookstore to ensure students are charged fair and competitive prices.

Without adequate monitoring procedures, the college has no assurance the bookstore vendor is complying with the terms of the contract. Thorough reviews are necessary to ensure the propriety of commissions received by the college and compliance with contractual terms.

**WE RECOMMEND** the OTC establish procedures to monitor the terms of contract with the bookstore vendor and clarify the contract related to the discount rate given for college purchases of textbooks.

### **AUDITEE'S RESPONSE**

*The OTC Board of Trustees adopted a policy in July of 2002 requiring an annual report concerning the terms and conditions of the contract for the bookstore.*

<b>9.</b>	<b>President's Compensation</b>
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- A. The college has entered into a multi-year employment contract with the college President. The President's contract is for three years, and is handled as a continuous contract. Specifically, the college renegotiates the salary and benefits each year and adds a year to the end of the contract period. As a result, the contracts never expire, and the Board loses much of the authority and influence it might otherwise exercise over its top administrator.

No statutes expressly prohibit multi-year contracts; however, problems can arise from such arrangements. For example, should the Board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board needs to reevaluate its practices regarding multi-year contracts.

- B. As part of the President's compensation package, the college pays an automobile allowance of \$450 per month (\$5,400 annually) and reimburses the President 34.5 cents per mile for mileage incurred on college related trips. During the year ended June 30, 2001, the college paid more than \$11,350 to the President for

mileage and automobile allowance. In July 2002, the automobile allowance will increase by 89 percent, to \$850 per month (\$10,200 annually).

In addition, the mileage reimbursement requests submitted by the President do not always include detailed information about the purpose of the trip and the destination. For example, reimbursement requests often simply stated "Springfield" with mileage amounts ranging from 11 to 103 being claimed.

The college should re-evaluate the need for providing a monthly automobile allowance in addition to reimbursing mileage expenses. Also, to ensure mileage reimbursement requests are reasonable and represent valid, business-related expenditures, the college should require the requests to be adequately detailed, including the purpose and destination of each trip.

C. During our review of the President's expense reimbursement requests we noted the following:

- The President's contract indicates the college will reimburse travel expenses for his wife to accompany him on no more than two activities per year. During the year ended June 30, 2001, the college paid travel expenses of the President's wife for eight activities. After our review, the President reviewed reimbursements he received for the last four years and reimbursed the college \$1,656 for the additional activities attended by his wife.
- The President's reimbursement requests are not approved or authorized by someone independent. In addition, reimbursement requests are often prepared by the President's secretary and stamped with the President's signature stamp.
- Adequate supporting documentation was not always included with expense requests submitted by the President. For example, we noted numerous single meal requests ranging from \$75 to \$385 without adequate documentation or explanation to justify the large meal expense.
- Numerous meal expenses within the city of Springfield were requested and reimbursed. The purpose and need to incur business-related meal expenses within the city limits were never documented. In addition, the college's policy regarding employee expense reimbursements does not address expenses incurred locally.

Internal controls should be established to ensure expenses requested by an individual are approved or authorized by someone independent of the requestor. In addition, without adequate supporting documentation, the college cannot determine the validity and propriety of the expenditures. Further, the college should review the need for reimbursing meal expenses incurred within the

Springfield city limits. If the college determines that reimbursing local meal expenses is a necessary, business-related cost of the college, guidelines should be established defining those expenses eligible for reimbursement.

- D. The college provides a membership to a private dining club for the President. The college pays the \$35 monthly membership fees, which are not included as a taxable fringe benefit on his W-2 form. The college should ensure all fringe benefits are properly reported for tax purposes on the employees' W-2 forms.

College officials indicate that this membership is in the President's name only and that others at the college may use the membership. We contacted the club and were told this membership was for the named individual and not the institution as a whole. Club personnel said they don't sell memberships for \$35 per month and allow all employees of the college to use the membership. We saw no documentation from the college that informed other college personnel that this membership was available for their business or personal use.

**WE RECOMMEND** the OTC:

- A. Utilize employment contracts that last for a specific term and refrain from renegotiating compensation during the term of a contract.
- B. Re-evaluate the practice of paying both a monthly automobile allowance and mileage reimbursements to the President. In addition, mileage reimbursement requests submitted by the President should include detailed information concerning the purpose and destination of each trip.
- C. Establish procedures to ensure someone independent of the requestor approves and authorizes reimbursements. All reimbursement requests should be supported by adequate documentation, and are in accordance with the president's contract and/or college policy. In addition, the college should determine if reimbursing local meal costs is necessary.
- D. Properly report all taxable fringe benefits and amend the President's W-2 form to include the membership fees associated with the private dining club.

**AUDITEE'S RESPONSE**

- A-C. *The OTC Board of Trustees appreciate the State Auditor's suggestion about negotiating contracts with the Chief Executive Officer only for a specific term and refraining from renegotiating during that term, but respectfully decline to adopt this suggestion. The Board believes that the current president of the college is a nationally respected community college leader who has been extremely successful, and that it has been in the best interest of the college to extend his contract as appropriate to allow for continuity of leadership.*

*The President has adopted the recommendation to include more detailed information concerning the purpose and destination of each trip when seeking a mileage or other reimbursement.*

*As a matter of practice and policy, the President will present all travel reimbursement requests to the president of the Board of Trustees for approval before payment.*

- D. *OTC agrees that all taxable fringe benefits should be included as reportable taxable income of the college President, but disagrees that the membership donated to OTC for use of the Tower Club is a taxable fringe benefit. This membership is available for the use of college staff, not just the President. The President is listed on the bill only as a representative of the institution.*

<b>10. Travel and Personnel</b>
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- A. The college has adopted written staff development and reimbursement policies; however, the policies are not being strictly enforced by the college. The staff development policy allows faculty and staff to attend conferences, workshops, meetings, and seminars appropriate to the individual's needs, and allows the employee to be reimbursed for the costs of attending such training.

College policy requires employees to complete a Professional Activity/Travel Request Form in advance of any travel activity to document the approval of the travel activity and provide an estimate of the costs; however, many employees do not complete this request form. As a result, the college does not have documentation of approval for employees to attend various conferences and workshops. In addition, employees are required to complete a Professional Activities Form after attending a professional development program to document the benefits the employee received from attending the staff development activity; however, none of the college departments require employees to complete this form.

Without enforcing employee reimbursement and staff development policies, the intended controls over travel are nonexistent.

- B. The employee reimbursement policy states that "the college shall reimburse the employee for the mode of transportation which is the most economical, considering the time and convenience of the transportation." However, the policy does not require a comparison to determine the most economical mode of transportation.

We noted several instances in which an employee was reimbursed a considerable amount of mileage for using their personal vehicle to drive to training activities out of state. For example, we noted mileage reimbursements totaling



approximately \$884 for a trip to Jackson Hole, Wyoming, \$570 for a trip to Denver, Colorado, and \$475 for a trip to New Orleans, Louisiana. It appears that the cost of air travel may have been more economical in each of these instances; however, a formal comparison of costs was not documented.

Without a comparison of the expected costs of each mode of transportation for long trips, the college has no assurance the most economical mode of transportation is being utilized.

- C. College vice presidents request, approve, and authorize their own personal expense reimbursement requests. In addition, some reimbursement requests did not include a stated purpose and appeared questionable. For example, the Vice President of Administration and Business was reimbursed \$93 for rental car expenses used only on personal vacation days after a conference. During the year ended June 30, 2001, approximately \$13,000 was reimbursed to college vice presidents.

Although the vice presidents are at a level high enough to authorize purchases, to ensure the validity and propriety of expenditures, internal controls should be established to ensure purchases and reimbursements are approved or authorized by someone independent of the requestor. In addition, without adequate supporting documentation related to the purpose of the expense, the college cannot determine the validity and propriety of the expenditures.

- D. The Vice President of Administration and Business and the Assistant to the President were reimbursed approximately \$2,225 between July 2000 and March 2002 for fees, dues, and mileage to attend meetings for a local civic organization. Neither their job descriptions nor their employment contracts require participation in civic organizations, and the college does not have a policy to address whether employee participation in local civic organizations is a reimbursable business expense.

The college should determine if civic memberships are business-related and directly benefit the college. If it is determined that such expenses provide a benefit to the college, expense reimbursement guidelines should be clarified to address civic organizations.

- E. The college contracts with an outside payroll service company to process payroll checks and submit payroll taxes to the appropriate taxing authorities. The college received a notice from the Missouri Department of Revenue (DOR) that taxes for February 2001 totaling \$5,202 had not been properly remitted. Although the payroll company had withdrawn the funds from the college's bank account, the payment was not remitted to the DOR. As a result, the college was assessed penalties and interest of \$1,290. The college paid the taxes, penalties, and interest and discontinued its contract with the payroll company.

The college subsequently withheld \$5,105 from payments for payroll services, but did not follow up or seek reimbursement for the remaining \$1,387. After we brought this to the attention of college personnel, the payroll company was contacted and the college received an abatement of penalties from the DOR and a refund from the payroll company.

College personnel made no attempt to follow up on this situation until we brought it to their attention. The failure to follow up on such situations could result in potential lost revenues to the college. In addition, contracts need to be effectively monitored to prevent problems of this nature.

- F. The college has a policy prohibiting employees from supervising members of their immediate family and defines those who are considered immediate family. This policy does not include provisions for exceptions to the policy. However, a college food service employee is supervised by her husband, the manager of the college cafeteria. In January 1998, the husband interviewed and recommended the hiring of his wife.

Procedures should be established to identify instances where related employees are working in conflicting employment capacities. Further, the college should review the current working arrangements and take appropriate action to ensure that employees are not supervised by closely related family members.

- G. The college's outside employment policy allows employees to engage in other employment or consulting, provided that such work does not interfere with the employee's work at the college. Employees who engage in outside employment or consulting are required to notify their supervisor; however, the information is not added to the employee's personnel file.

Complete personnel information related to individual employees should be maintained in the college's Human Resource Department.

- H. The college personnel policy allows tuition to be waived for all full-time employees and their dependents. In April 2001, the college revised the policy to allow the tuition waiver for part-time employees. However, we noted some individuals received a tuition waiver who did not comply with the college's policy. For example, tuition was waived in the Fall of 1999 for an employee of the privately owned bookstore on campus. Also, tuition was waived for a part-time employee prior to April 2001 when the policy was revised.

Further, the personnel policy does not address tuition waivers if the employee terminates employment prior to the end of the college term. We noted several employees who terminated employment during the academic term in which they received a tuition waiver, and these individuals were not required to repay any portion of the fees waived.

The college needs to ensure the eligibility of individuals receiving tuition waivers and clarify the tuition fee waiver policy regarding terminated employees.

- I. The college requires the use of annual leave and sick leave to be approved by the employee's immediate supervisor; however, the Director of Human Resources, who is responsible for ensuring employees comply the college's personnel policies, does not always have his leave requests approved by his immediate supervisor (the Vice President of Institutional Development).

Proper control over payroll requires documentation, such as leave slips, signed by the employees and approved by their supervisors, to provide evidence of time worked and/or leave taken each month.

**WE RECOMMEND** the OTC:

- A. Enforce policies regarding staff development and reimbursement, or consider revising the policies.
- B. Consider revising the reimbursement policy to require a comparison of the transportation costs for out of state trips.
- C. Ensure that someone independent of the requestor reviews and authorizes all reimbursements and purchases, and that all reimbursements include a stated purpose and adequate supporting documentation.
- D. Determine if participation in civic organizations provides a direct benefit to the college, and develop a policy to address employee participation in civic organizations. Further, if employee participation in such organizations is not business-related and does not benefit the college, such reimbursements should be discontinued.
- E. Effectively monitor all contracts, and follow up on all similar situations in the future to prevent lost revenue to the college.
- F. Strictly enforce the college's policy concerning employment of relatives. Furthermore, the college should review all employment that is not in accordance with college policy, including the exception noted above, and take appropriate action.
- G. Ensure the Human Resource Department maintains information related to outside employment of employees.
- H. Clarify the tuition fee waiver policy and verify the eligibility of all individuals receiving a waiver of tuition.

- I. Require all employees to follow the college's procedures related to the approval or request of leave.

### **AUDITEE'S RESPONSE**

*A-I. The college will continue to enforce policies regarding staff development and reimbursement, and will revise policies as changing situations dictate. In addition, the college will ensure that someone reviews the travel reimbursement of all employees—including the college president—other than the requester before payment.*

*Participation in civic organizations provides a direct benefit to the college. Before authorizing participation in and reimbursement for civic activities, college personnel must receive approval from the college president. The college agrees that reduction of this policy to a written procedure would be beneficial.*

*The college will continue to monitor all contracts, and make every effort to ensure complete performance by all vendors.*

*With respect to the college's anti-nepotism policy, OTC disagrees that the husband and wife mentioned in the Report have been hired or have worked in violation of the policy. The college agrees that the anti-nepotism policy has merit and will continue to enforce that policy.*

*Human Resources will maintain a data base of relevant outside employment of OTC employees, and has already acted to clarify the confusion that occurred in a couple of instances during the inaugural year of OTC's tuition reimbursement program. The college agrees that all employees should follow the college's procedures related to the request and approval of leave.*

<b>11. Accounting Policies and Procedures</b>
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A. The college has established an internal auditor position. Our review of this position identified the following concerns:

1. The internal auditor did not perform any internal audits of the activities or operations of the college during 2000 and 2001. Instead that individual has assisted the Dean of Finance and Director of Accounting with maintaining the college's accounting and reporting system.

Internal audits can be a valuable management tool by identifying ineffective or inefficient operations and ensuring that established policies and procedures are being followed. The college may want to consider expanding the size of the audit staff if other responsibilities are preventing the internal auditor from performing her primary function.

2. Under the current organization structure, the internal auditor does not report to top management such as the Board of Trustees or the President, but instead reports to the Director of Accounting. The Institute of Internal Auditors' standards provide that internal audit activity is to be independent and should "report to a level within the organization that allows the internal audit activity to fulfill its responsibilities". Direct communication with the Board of Trustees and/or President would help ensure independence and provide a means whereby the Board of Trustees and President can be kept abreast of current operations and activities.
- B. The college's computer system contains several software modules including a financial accounting system, a human resources system, and a student information system. The security software package controls who can access the computer system. During our review of computer security, we noted the college has not revoked access to the system on a timely basis when an employee terminates employment. At our request, college personnel provided a list of employees who could access the computer system. Eight former employees were included on the list. When an employee terminates employment, that individual's access to the college's computer system should be revoked promptly.
- C. The college uses an automated invoice processing system to process bills paid by the college. To receive payment, vendors must be entered in the system with a vendor number. Our review of the vendor list disclosed at least 200 duplicate vendor names, each with a separate vendor number. Many times the duplicate entry was due to a slight difference in spelling or a change of address. The current software package will not permit the removal of vendors, except by purging them from the file. According to personnel, the college has never purged the vendor file.
- Deleting duplicate vendor names and inactive vendors would give the college better control over vendor information and would result in a more efficient operation.
- D. The college has no written procedures for writing and processing manual checks. Currently, manual checks are issued when payroll adjustments are necessary or in situations when the business office determines monies are needed immediately. Two signatures are required on all checks, and college personnel indicated one signature is required to be an original for manually prepared checks, with the other allowed to be applied by a signature stamp. However, we noted numerous instances where both signatures were applied using a signature stamp. In addition, we reviewed sixteen manual checks and noted that supporting documentation for five manual checks did not contain authorization from the applicable vice president. Other expenditures processed through the college's normal accounts payable system are approved by an applicable vice president.

Lack of controls over manual checks could allow unauthorized use and errors or irregularities to occur or go undetected.

- E. The college has a policy that allows faculty and staff to cash personal checks from daily cash receipts. Cashing personal checks from daily cash receipts is a poor practice and reduces the accountability for monies received. This practice should be discontinued immediately.
- F. The college has not established adequate procedures to collect unpaid emergency loans made to students. In 1998, the college began providing short-term emergency loans to students. Most loans do not exceed \$250 and must be paid by the end of the semester. The balance of unpaid emergency loans at December 31, 2001, totaled approximately \$16,400, of which approximately \$12,600 was over one year old.

While the college places a hold on the student account after the loan has become delinquent to prevent the student from receiving any further services (such as receiving a transcript or registering for future classes), additional collection procedures should be adopted. Procedures such as sending statements to students, or turning delinquent accounts over to collection agencies are not utilized by the college. Further, the business office does not recognize the emergency loans as receivables on the student's account or college financial statements. As a result, we noted one student who owed \$305, but was refunded over \$1,900 in fees for dropped classes. The \$305 balance has never been paid. If the emergency loan had been entered as a receivable on the student's account, the business office would have been aware of the balance due and could have deducted the amount owed for the loan before calculating the refund.

To prevent possible loss of funds or prevent college funds from being committed for an extended period of time, the college should establish procedures for the collection of emergency loans made to students. This should include entering the loan as a receivable on the student's account.

- G. The college requires students to pay all of their tuition and fees by the final fee payment deadline (which is prior to the start of classes) unless alternate arrangements are made. Alternate arrangements include qualifying for financial aid, third party payment, or enrollment in the deferred payment plan. After being placed on an alternative payment plan, if payments are not made, the student's account is sent to a collection agency and a hold is put on the student's account. At June 30, 2001, there was approximately \$260,000 in student accounts receivable over one year old.

Although the college meets the guidelines to use the state debt offset program, they have not utilized this option to collect delinquent accounts receivable. The state debt offset program allows state agencies to intercept tax refunds owed to individuals to satisfy debts owed by these individuals to the agencies. By not

using this program, the college is not utilizing all available resources to pursue collection of amounts owed to the college. In addition, the college does not have procedures to write-off delinquent accounts that are deemed uncollectible unless the debt is canceled in bankruptcy.

The college should consider using the state debt offset program to optimize collection efforts. All delinquent accounts should be reviewed and those which are deemed to be uncollectible should be written off after review and approval by someone independent of the business office.

**WE RECOMMEND** the OTC:

- A.1. Take steps to ensure internal audits are conducted of college operations and activities.
- 2. Consider having the internal audit department report directly to the Board of Trustees and/or President.
- B. Develop procedures to ensure computer access rights are immediately terminated when an employee leaves employment.
- C. Purge the vendor file of duplicate and inactive vendors on a periodic basis.
- D. Develop a formal written policy regarding the writing and processing of manual checks. These written policies should include provisions to ensure all manual checks are properly authorized.
- E. Discontinue the practice of cashing personal checks from daily cash receipts.
- F. Establish collection procedures for loans made to students, which should include the business office entering the loan as a charge on the students account, and including the loan as a receivable on the college's financial statements.
- G. Pursue collection of applicable receivables using the state debt offset program, and consider writing off accounts which are deemed to be uncollectible.

**AUDITEE'S RESPONSE**

A-G. *Although the college organization chart indicates the position of Internal Auditor, in practice the audit function has been performed primarily by an independent accounting firm on an annual basis. As the college continues to grow, OTC will reassess the need for an independent internal audit function or position that would report directly to the president.*

*The college has implemented a new policy that terminates computer access of an employee immediately when employment ends, and is in the process of purging the vendor files of duplicated entries and will continue to do so on a regular basis.*

*The college is in the process of reducing the existing practice of writing manual checks to a written policy, but has elected to continue cashing personal checks—with appropriate controls—as a service to students, faculty and staff.*

*The college will present a revised policy to its Board of Trustees concerning collection procedures for the Emergency Student Loan program, and is close to completion of the process of applying for inclusion in the State Debt Offset Program.*

<b>12.</b>	<b>Day Care Center</b>
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Day care for children is available to students, employees, and the public at the OTC Junior Eagle Learning Enhancement Center located on the Springfield campus. The day care center must meet licensing regulations established by the Missouri Department of Health and Senior Services(DOHSS). The Missouri Division of Family Services (DFS) reimburses the day care center for all or part (based on attendance) of day care tuition for children of low income families. The center also operates as a lab school for students participating in the early childhood development program.

Our review of the records and operations of the day care center disclosed the following concerns:

- A. Accounting duties over day care center activities are not adequately segregated. Currently, one individual prepares billings, receives monies, records receipts, transmits monies to the cashier's office, and is responsible for collecting delinquent accounts. In addition, this same individual purchases all food and supplies for the center.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties would help provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the center's records. If proper segregation of duties cannot be achieved, at a minimum, the college's business office should perform a documented review of all records.

- B. Some day care receipts are not recorded and transmitted to the business office. Instead, some cash receipts are used as petty cash for expenditures of the day care center, and no documentation for these expenditures is retained. In addition, child care fees are not transmitted to the business office in a timely manner. Fees are transmitted to the business office approximately weekly.



Recording all monies received and transmitting such receipts to the business office intact is necessary to ensure proper recording and accountability of receipts. Also, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be transmitted intact daily or when accumulated receipts exceed \$100.

If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

- C. A complete listing of child care fees owed to the center is not maintained and monitoring procedures related to collection of these fees are not adequate. The center's payment policy states that "payment is due upon receipt of the bill" and that the balance due may not exceed \$50; however, this policy is not strictly enforced and the center has allowed some accounts to remain delinquent for an extended period of time. We noted an employee who was allowed to pay day care fees monthly instead of the weekly payment requirement established for all other parents.

In addition, the day care center has not established formal procedures for the collection of delinquent accounts receivable. As of April 2, 2002, there was \$3,741 due from customers, of which at least \$2,500 was over nine months old.

The college should maintain a complete list of child care fees due, and ensure timely and appropriate action is taken to address delinquent child care accounts. Proper follow-up on delinquent accounts is necessary to ensure all charges are collected on a timely basis.

- D. Supporting documentation to determine the eligibility status for free or reduced meals is not maintained by the center. The DOHSS's Child Care Food Program reimburses the center for costs related to providing free or reduced meals for children whose families meet certain income guidelines.

Complete and accurate information should be maintained to support the eligibility status for reimbursement from the state's Child Care Food Program.

- E. The college does not perform any criminal background screenings on students participating in the early childhood development program at the day care. While the college indicated they perform background screenings on nursing students providing elder care, the college has not performed similar background checks on students having direct contact with the children in the day care. In the Spring of 2002, the college had over 200 high school and college students participating in the early childhood development program.

Various state agencies maintain listings of individuals who have been found to have abused or neglected children, the elderly, or the mentally challenged. For example, the Family Care Safety Registry screens individuals against criminal

records, the Division of Family Services' Child Abuse and Neglect registry, the Division of Aging's Employee Disqualification Listing, and foster parent denials, revocations, and suspensions. Requiring background checks could help ensure that only appropriate student workers are allowed to provide direct care to the children.

**WE RECOMMEND** the OTC:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of records by a business office employee.
- B. Record and transmit all receipts to the business office intact, daily or when accumulated fees exceed \$100. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.
- C. Maintain a complete list of fees owed, and implement formal procedures for the collection of delinquent accounts. In addition, the college should ensure timely and appropriate action is taken regarding delinquent accounts.
- D. Ensure the eligibility status is properly documented for participants in the Child Care Food Program.
- E. Develop procedures to perform applicable criminal background screenings on students participating in the early childhood development program.

**AUDITEE'S RESPONSE**

*A-E. The college agrees with each of the recommendations concerning the operation of the Day Care Center, and either has implemented or is in the process of implementing each of the recommendations.*

<b>13. Board Meetings and Minutes</b>
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- A. The Board conducted business in closed meetings on various occasions. Section 610.021, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, and personnel matters. Minutes are not maintained to document matters discussed during the closed meetings. In the absence of closed meeting minutes, there is no evidence the closed discussions or business is related to the specific reason(s) announced for closing the meeting.

In addition, although minutes for closed meetings are not specifically required by law, minutes constitute the record of the proceedings of the board. Failure to maintain such minutes results in an inadequate record of district transactions, proceedings, and decisions.

- B. The board minutes are prepared and signed by the President's secretary and approved by the board at subsequent meetings; however, the board minutes are not signed by a board member. The board minutes should be signed at the time they are approved by the President's secretary as preparer and a board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.

**WE RECOMMEND** the OTC:

- A. Ensure that minutes are maintained for closed meetings.
- B. Ensure board minutes are signed by the President's secretary and a board member upon approval to attest to their completeness and accuracy.

**AUDITEE'S RESPONSE**

*A&B. The Board of Trustees makes no decisions in closed session, has taken all actions publicly and will evaluate the Auditor's recommendation concerning the advantages of maintaining minutes for closed meetings.*

<b>14. Fixed Assets</b>
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- A. Fixed asset additions are not always reconciled to capital expenditures. The college failed to record infrastructure improvements during fiscal year 2001 totaling \$249,224. In addition, 57 items totaling over \$55,000 that were included on the fixed asset listing could not be located by the college during physical inventory counts. There was no indication these items had been investigated, or the situations resolved.

Adequate fixed asset records are necessary to provide better controls over property and provide a basis for proper financial reporting. Reconciliations are necessary to ensure all property items are being properly recorded and controlled. Further, to ensure fixed assets are being used, managed, and disposed of properly, any items that cannot be accounted for properly should be fully investigated and the results of the investigation should be documented in the fixed asset records.

- B. Although physical inventory counts are performed, these counts are performed by the same person responsible for maintaining the property records. To ensure adequate control over fixed assets, the physical inventory should be performed by someone other than the individual who maintains the fixed asset records.

**WE RECOMMEND** the OTC:

- A. Include all fixed asset additions on the property records and periodically reconcile additions and deletions to the expenditure records to ensure all items are properly and promptly recorded. In addition, any fixed assets that cannot be accounted for should be investigated, and the results of the investigation fully documented in the fixed asset records.
- B. Ensure the physical inventory of fixed asset items is performed by an individual independent of the record-keeping duties.

**AUDITEE'S RESPONSE**

*A&B. The college agrees with the recommendations concerning fixed assets, and has either implemented or is in the process of implementing each of the recommendations.*

This report is intended for the information of the OTC management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

## OZARKS TECHNICAL COMMUNITY COLLEGE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Ozarks Technical Community College traces its origin back to April 1990, when residents of Springfield and thirteen surrounding public school districts approved the creation of the Junior College District of Central Southwest Missouri. The institution initially operated by the new district was referred to as the Heart of the Ozarks Community Technical College. The college name was changed to Heart of the Ozarks Technical Community College in 1992 and then shortened to Ozarks Technical Community College in 1994. The college is generally known by its initials, OTC.

Initially, the college held classes in a five-building complex leased to OTC for 99 years for a nominal fee by the Springfield R-12 School District. To meet additional needs, OTC entered into a series of lease agreements with a Springfield hospital to acquire more space in which to house administrative offices, student services, the allied health division, culinary arts, and continuing education. In 1992, in response to continued growth, OTC began leasing space in a Springfield shopping mall, adding additional mall space in 1994 and office space in an adjoining building in 1995.

By 1996, the college began to implement a master plan for construction of a permanent campus. Through a public building corporation, the college purchased land adjacent to its original buildings (leased from the Springfield R-12 School District). On this site the first building of the permanent campus was built. The Technical Education Center opened in 1997, the Information Commons in 1998, the Information Commons East Wing in 1999, the Industry and Transportation Technology Center in 2000, and renovations of Lincoln Hall were completed in 2001. Construction of the Information Commons West Wing is scheduled to be complete in 2002. Currently only the Chef's apprenticeship and Adult Basic Education programs are housed off-campus in a few remaining leased sites.

In addition to the main campus, OTC offers degree programs at two extension sites. Courses are offered in Lebanon at the Nelson Community Center and in Branson at the Special Services Center, which is owned by Branson Public Schools.

Seventy-eight acres has also been purchased 23 miles south of the main campus, to work toward a second campus that would serve as a complementary campus for several years, eventually growing into a self-sustaining campus. The South Campus is located on Highway 14 approximately 1½ miles west of Highway 65. The first educational facility is planned for completion in 2004.

In addition to its college credit component, OTC provides area citizens with several other educational options:

- High school juniors and seniors can participate in half-day job skills program through OTC's area vocational-technical school;
- Specific training can be custom designed for business and industry at the work site;

- Non-credit hobby and personal enrichment courses are available; and
- Adult Basic Education courses are available to adults looking to attain the General Equivalence Diploma (GED).

Currently the district covers the county of Greene, and parts of the counties of Christian, Dallas, Dade, Lawrence, Polk, Stone, and Webster, and includes the school districts of Springfield, Ash Grove, Clever, Everton, Fordland, Logan-Rogersville, Marshfield, Nixa, Ozark, Pleasant Hope, Republic, Strafford, Walnut Grove, and Willard.

In the fall of 2001 and 2000, OTC's full-time equivalent student enrollment totaled 7,571 and 6,343, respectively.

OTC is governed by an elected six-member Board of Trustees. The trustees serve a six-year term. These individuals serve without compensation; however, they receive reimbursement for any expense incurred in performing their duties.

The Board of Trustees as of June 2001, consisted of the following members:

Name	Position	Term Ends
Cliff Davis	President	April 2006
Dolores Brooks	Vice President	April 2004
Don Wessel	Treasurer	April 2002*
Jackie McKinsey	Member	April 2004
Frank Farmer	Member	April 2002*
Don Clinkenbeard	Member	April 2006

\* Don Wessel and Frank Farmer were re-elected in April 2002.

The Board of Trustees appoints a President to serve as the College's Chief Executive Officer. Five Vice Presidents have been appointed to oversee Academic Affairs, Administration and Business, Institutional Development, Information Technology, and Student Development. The following schedule lists the individuals and their annual compensation as of June 30, 2001:

Name	Position	Annual Compensation
Dr. Norman K. Myers	President	\$ 117,815**
Dr. Randy Humphrey	Vice President for Academic Affairs	83,928
Dr. Brian King	Vice President for Administration and Business	72,792
Brian Fogle	Vice President for Institutional Development	60,962
Joel LaReau	Vice President for Information Technology	70,080
Ty Patterson	Vice President for Student Development	83,928

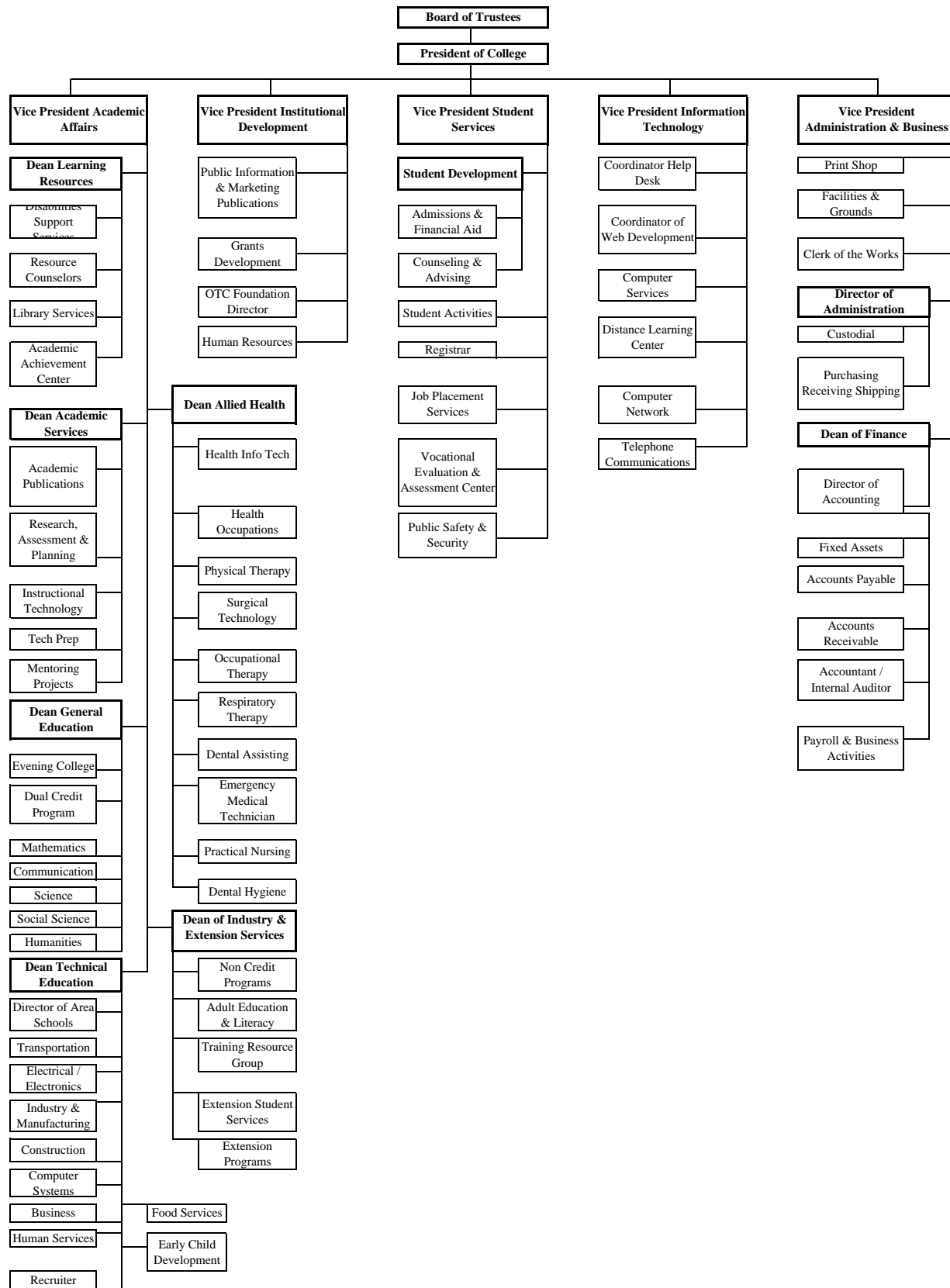
\*\* In addition to the annual base salary, the President's contract provides for the President to be paid for a housing allowance (\$9,000), an automobile allowance (\$5,400), and a supplemental retirement allowance (\$6,000). The college also provides health insurance, traveling expenses

incurred on two college trips for the President's spouse, memberships to civic and professional organizations, and expenses related to an annual physical. In July 2002, the annual amounts paid to the President will increase to \$132,985 base salary, \$13,200 housing allowance, \$10,200 automobile allowance, and \$23,700 supplemental retirement allowance.

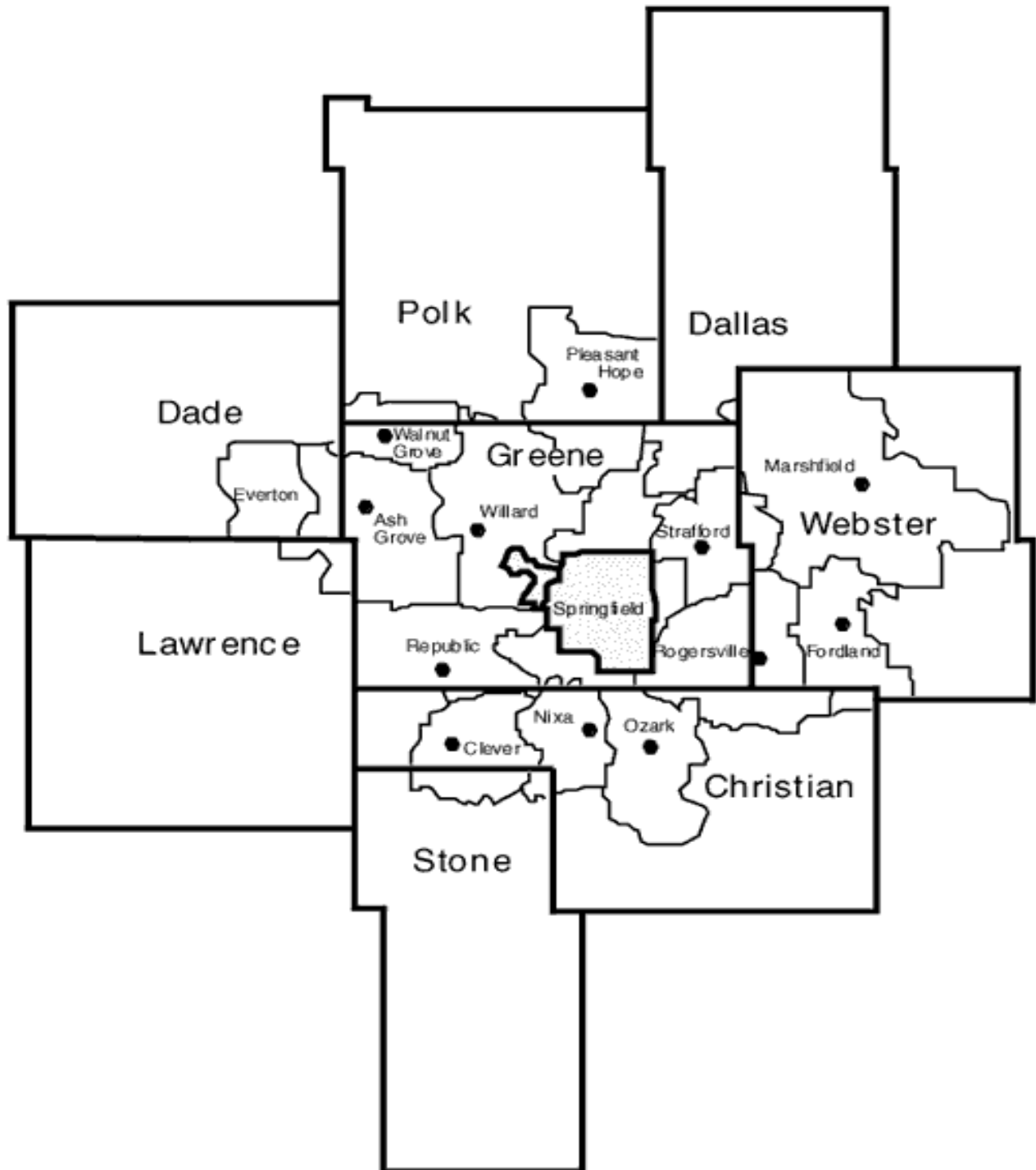
An organization chart, district map, and financial information follow.



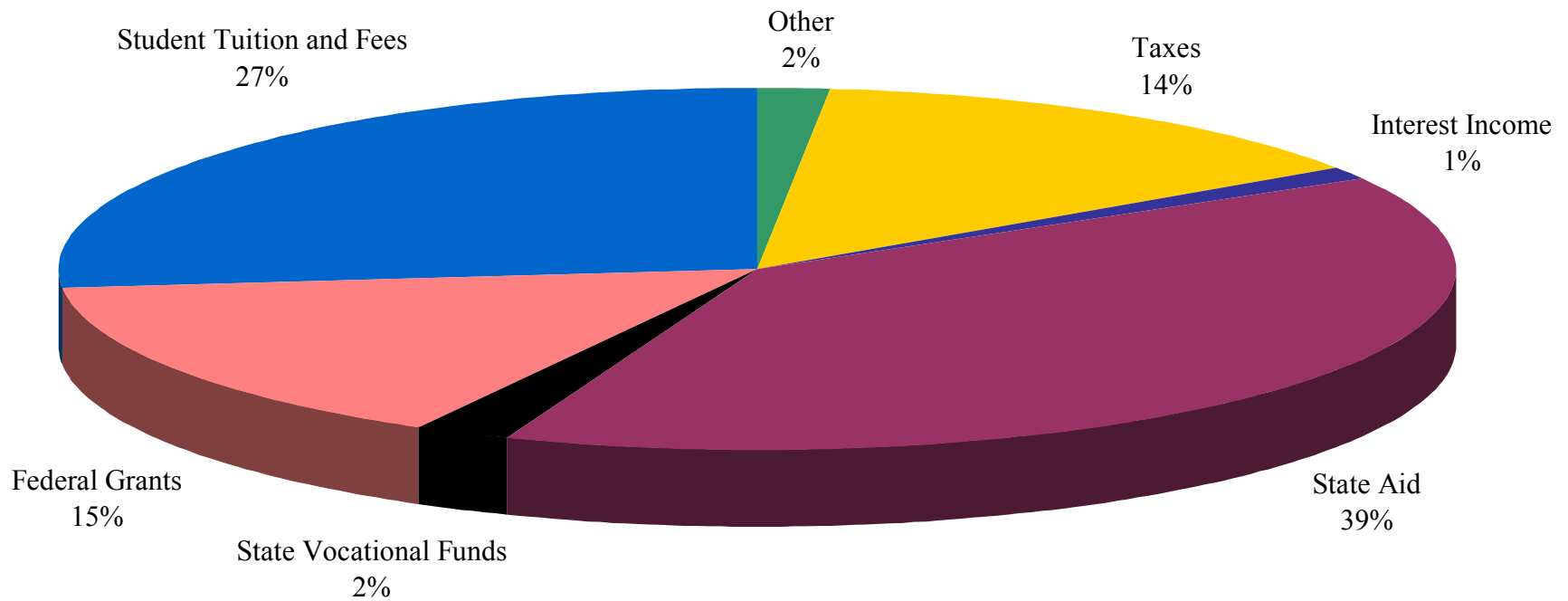
Ozarks Technical Community College  
Organization Chart  
June 30, 2001



OZARKS TECHNICAL COMMUNITY COLLEGE  
DISTRICT MAP

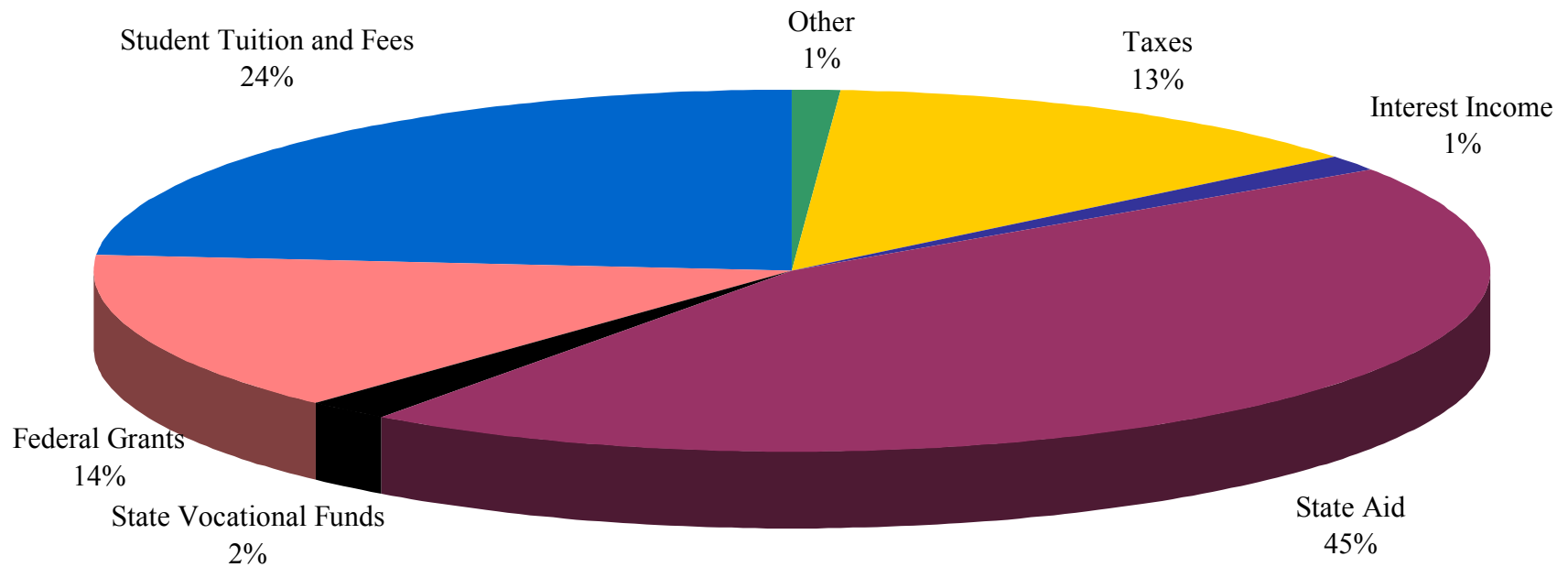


**Ozarks Technical Community College  
Fiscal Year 2001  
Restricted and Unrestricted Fund Revenues**



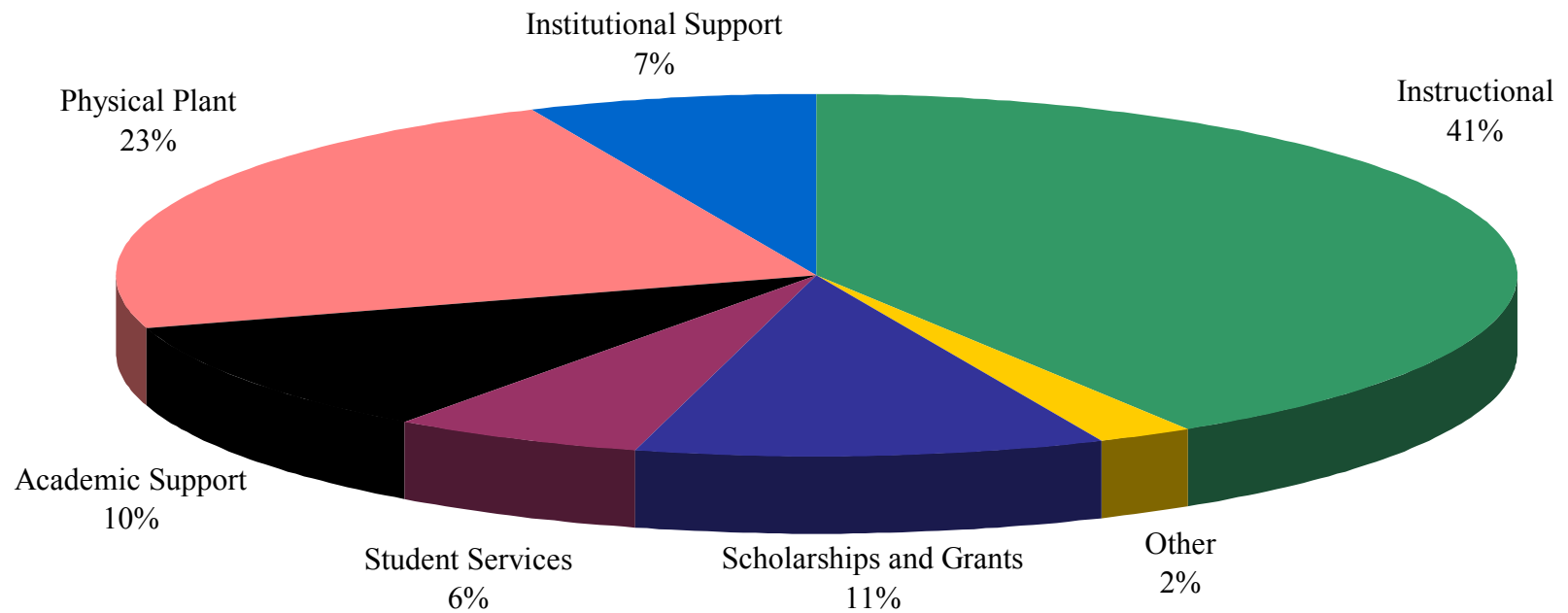
Total Revenues: \$33,492,446

**Ozarks Technical Community College  
Fiscal Year 2000  
Restricted and Unrestricted Fund Revenues**



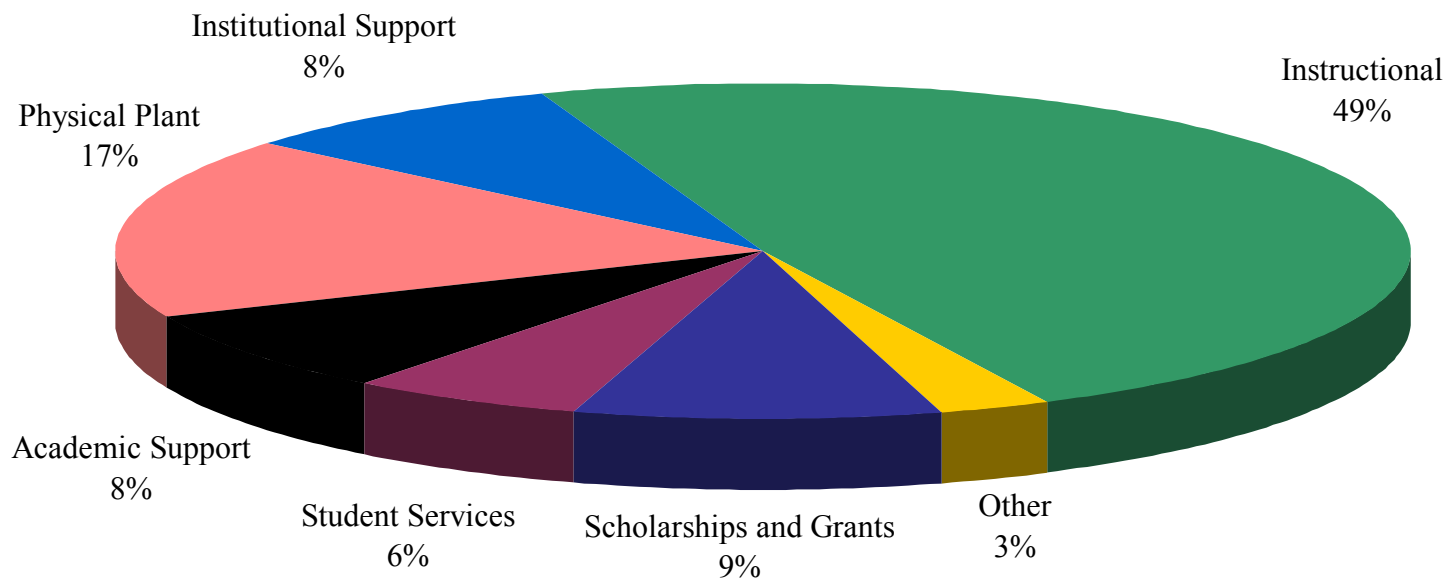
Total Revenues: \$32,997,473

**Ozarks Technical Community College  
Fiscal Year 2001  
Restricted and Unrestricted Fund Expenditures and Transfers**



Total Expenditures and Transfers: \$33,124,525

**Ozarks Technical Community College  
Fiscal Year 2000  
Restricted and Unrestricted Fund Expenditures and Transfers**



Total Expenditures and Transfers: \$30,124,525

\* \* \* \* \*